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OGC 70-0524

2 April 1970

**MEMORANDUM FOR:** Director, [ ] 25X1A  
**SUBJECT:** [ ] Outside Activity 25X1A  
**REFERENCE:** Memo to General Counsel from Dir/[ ] 25X1A  
dtd 23 Mar 70, Subj.: Outside Activities  
Approval Request by [ ] 25X1A

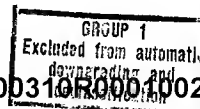
1. In terms of the prohibitions against conflicts of interest, we have serious reservations regarding your proposal that [ ] an Agency employee, be permitted to serve as a paid consultant to [ ]

2. As we understand the situation, [ ] is an Agency contractor engaged in conducting a study directed toward defining more effective methods of predicting the health and behavior of individuals, especially executives. In connection with contract performance, it now seeks the services of [ ] as a consultant under a contract, which among other things provides "... it is expected that the Consultant will represent the best interests of the [ ] Project in bringing to the Project Director's attention the existence of and sources of contributory information...". The fee would be \$100 per day for an estimated 10 to 15 days per year. The file also states that [ ] services "are sought because of his wide personal acquaintance with executives and leaders"; and that he would assist the contractor by "suggesting names of individuals who might be recruited for working on specialized aspects of the project".

3. A conflict of interest is defined as a situation in which an Agency employee's private interest usually, but not necessarily of

OGC Has Reviewed

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an economic nature, conflicts or appears to conflict with his Agency duties and responsibilities. Such a situation is of concern to the Agency whether the conflict is real or only apparent. See HHB [ ] 25X1A para. 9b. The Agency's concern over such situations is occasioned by certain provisions in the Criminal Code relating to bribery, graft and conflicts of interest. (18 United States Code, Section 201 et. seq.), as supplemented by Executive Order 11222, which prescribes standards of ethical conduct for Government employees. Simply stated, the purpose of these provisions is to insure that the Government retains the undivided fealty of its employee.

4. Against this background we consider the proposal to be objectionable on several counts. To the extent that [ ] in 25X1A performing his duties as a paid consultant, would relay to [ ] any 25X1A information obtained during the performance of his Agency duties, he could be accused of using his Government office for private gain. Secondly, by accepting a fee from an Agency contractor, he could also be accused of violating that standard of ethical conduct that prohibits the Government employee from accepting anything of monetary value from a person having a contractual relationship with his agency. Thirdly, should section 203 of 18 United States Code, which prohibits a Government employee from receiving third party compensation for services relating to a contract in which the United States has an interest, be construed as encompassing services which are in furtherance of that contract, [ ] as a payee and [ ] as 25X1A the payor would be guilty of a crime.

5. All this is not to say that [ ] special talents may 25X1A not be availed of to secure the optimum in contract performance. Should the Agency and [ ] mutually agree, it would be entirely appropriate for the Agency to assign him to the contract work on an intermittent basis. Of course, [ ] would receive no compensation 25X1A from [ ] and the contract price would have to be reduced to reflect the value of services provided without charge. In this connection it would seem entirely appropriate to accept [ ] figure of \$100 per 25X1A day.

[ ] 25X1A  
Assistant General Counsel

OGC: [ ] bg

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1 - CONFFLICT OF INTERESTS

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## ROUTING AND RECORD SHEET

SUBJECT: (Optional) Outside Activities Approval Request by

FROM:

EXTENSION

NO.

Director,  
Room 912,

DATE 23 March 1970

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S  
INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. General Counsel  
7D 07 HQ

3/24/70

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100-0457

23 March 1970

MEMORANDUM FOR: General Counsel

SUBJECT: Outside Activities Approval Request by

[REDACTED]

The Office of Security has asked that you sign off on this request before they approve it because of the possibility of conflict of interest. The project involved is one in which we understand the Director has been interested, and [REDACTED] services are sought because of his wide personal acquaintance with the executives and leaders in [REDACTED]. It would in no way interfere with his duties for the Agency and, inasmuch as he is economically very comfortable, I do not feel that there is any question of entry into this activity for the money to be made.

25X1A

25X1A

[REDACTED]

25X1A

JAMES R. MURPHY

Director,

[REDACTED]

25X1A

Attachment: Outside Activity Approval  
Request - [REDACTED]

25X1A

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100-0457

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